

Message Text

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E.O. 11652: N/A
TAGS: EINV
SUBJECT: INVESTMENT OPPORTUNITY: NEW MAJOR HOTEL IN QUITO, ECUADOR

1. A GROUP OF WELL-REPUTED LOCAL BUSINESSMEN IN SEEKING A TOTAL OF US\$8 MILLION IN EQUITY AND LOAN CAPITAL FROM ABROAD FOR CONSTRUCTION OF A LARGE HOTEL AT A SITE CENTRALLY LOCATED IN QUITO. THE GROUP PREFERS THAT EACH FOREIGN INVESTOR CONTRIBUTE BOTH EQUITY AND LOAN CAPITAL. STUDIES MADE BY THE GROUP INDICATE EXCELLENT PROSPECTS FOR A HIGH RATE OF ROOM OCCUPANCY FOR THE PROPOSED HOTEL DURING AT LEAST ITS FIRST DECADE.

2. THE GROUP IS ORGANIZED UNDER THE LOCAL NAME "HODESA COMPANY". ONE EXECUTIVE IS JEAN CLAUDE KOSTER, PRESIDENT OF THE LOCAL FIRM "ORGANIZACION KOSTER LIMITADA", WHICH SPECIALIZES IN HOTEL MANAGEMENT AND CONSULTING. MR. KOSTER, A NATIONAL OF LUXEMBOURG, HAS HAD MANY YEARS OF EXPERIENCE IN THIS FIELD IN LATIN AMERICA, AFRICA AND EUROPE. FROM 1975-1977 HE WAS THE MANAGER OF THE HOTEL COLON INTERNACIONAL, ONE OF THE ONLY TWO FIRST-CLASS HOTELS IN QUITO; HE VOLUNTARILY LEFT THAT POSITION IN ORDER TO FOUND HIS COMPANY AND UNDERTAKE THE SUBJECT PROJECT. ALSO PARTICIPATING IN HODESA ARE FERNANDO JARAMILLO, ARCHITECT; C. FONSECA, REPRESENTATIVE OF BRIAN & CALHOUN
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ENGINEERING; AND O. CHIRIBOGA, OWNER OF THE SITE. NO WTDR'S ARE AVAILABLE ON THESE PARTIES AT PRESENT.

3. THE HOTEL WILL HAVE 250 ROOM UNITS (120 TWIN-BEDDED; 50 WITH DOUBLE BED AND SOFA BED; 40 STUDIOS WITH LIVING/DINING AREAS, KITCHENETTE, AND BEDROOM WITH TWINS; AND 20 DOUBLE SUITES WITH ONE TWIN-BEDDED UNIT AND ONE

LIVING/DINING/KITCHENETTE UNIT). THE HOTEL EDIFICE WILL ALSO INCLUDE: A RESTAURANT WITH 150 SEATS; SHOPPING AREA OF OVER 2,000 SQUARE YARDS; OFFICE AREA FOR RENTAL, OF OVER 2,000 SQUARE YARDS; A LAUNDRY AND DRY CLEANING SERVICE OPEN TO THE PUBLIC AS WELL AS TO GUESTS; AND UNDERGROUND PARKING FOR 80 VEHICLES.

4. UNDER ECUADOREAN REGULATIONS FOREIGN SHARE CAPITAL IS RESTRICTED TO 49 PERCENT OF THE TOTAL. THE PROMOTORS HAVE AGREED, HOWEVER, TO GRANT FOREIGN EQUITY INVESTORS FULL CONTROL OVER FINANCING AND CERTAIN OTHERS ASPECTS OF THE VENTURE.

5. THE SITE SELECTED IS IN THE HEART OF THE MODERN SECTION OF THE CITY, COVENIENTLY LOCATED TO ALL LOCAL TOURISM ATTRACTIONS AND TO INTER-CITY TRANSPORTATION FACILITIES. THE SITE EXTENDS OVER 2,200 SQUARE YARDS. THE MAIN ENTRANCE TO THE HOTEL WILL BE ON A QUIET SIDE STREET, WHILE THE MAIN ENTRANCE TO THE SHOPPING AND OFFICE AREA WILL BE ON ONE OF THE PRINCIPAL THOROUGHFARES OF THE CITY.

6. THE ONLY EXISTING FIRST-CLASS HOTELS IN QUITO ARE THE ABOVE-MENTIONED HOTEL COLON, WITH 196 ROOMS AND AN ADDITIONAL 223 ROOMS NEARING COMPLETION, AND THE HOTEL INTERCONTINENTAL QUITO, WITH 228 ROOMS. THERE HAS UNCLASSIFIED

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BEEN PERSISTENT SHORTAGE OF SPACE IN THESE AND THE VARIOUS REMALLER HOTELS IN QUITO DURING THE PAST TWO YEARS, AND THE SHORTAGE HAS BEEN INTENSIFYING AS THE INFLUX OF TOURISTS HAS BEEN GROWING STEADILY YEAR BY YEAR. A FEW OTHER PROJECTS ARE UNDER WAY FOR CONSTRUCTION OF NEW HOTELS, BUT THE KOSTER ORGANIZATION ESTIMATES THAT EVEN WHEN AND IF THESE ARE COMPLETED THERE WILL REMAIN IN THE EARLY 1980'S A SHORAGE OF OVER 400 ROOMS. KOSTER ESTIMATES OCCUPANCY OF THE PROPOSED HOTEL AT AT LEAST

60 PERCENT IN THE FIRST YEAR, 70 PERCENT THE SECOND, AND 80 PERCENT THE THIRD.

7. KOSTER'S STUDY FORECASTS NET OPERATIONAL PROFITS AT US\$1.2 MILLION THE FIRST YEAR, US\$1.4 MILLION THE SECOND, AND US\$1.6 MILLION IN THE THIRD.

8. INTERESTED PARTIES SHOULD ADDRESS TELEGRAPHIC COMMUNICATIONS TO: JEAN CLAUDE KOSTER ORGANIZACION KOSTER LIMITADA TELEX 229, QUITO NON-TELEGRAPHIC COMMUNICATIONS SHOULD BE ADDRESSED TO

THE SAME PARTY AT: P.O. BOX 6419
CENTRO COMERCIO INAQUITO
QUITO, ECUADOR
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